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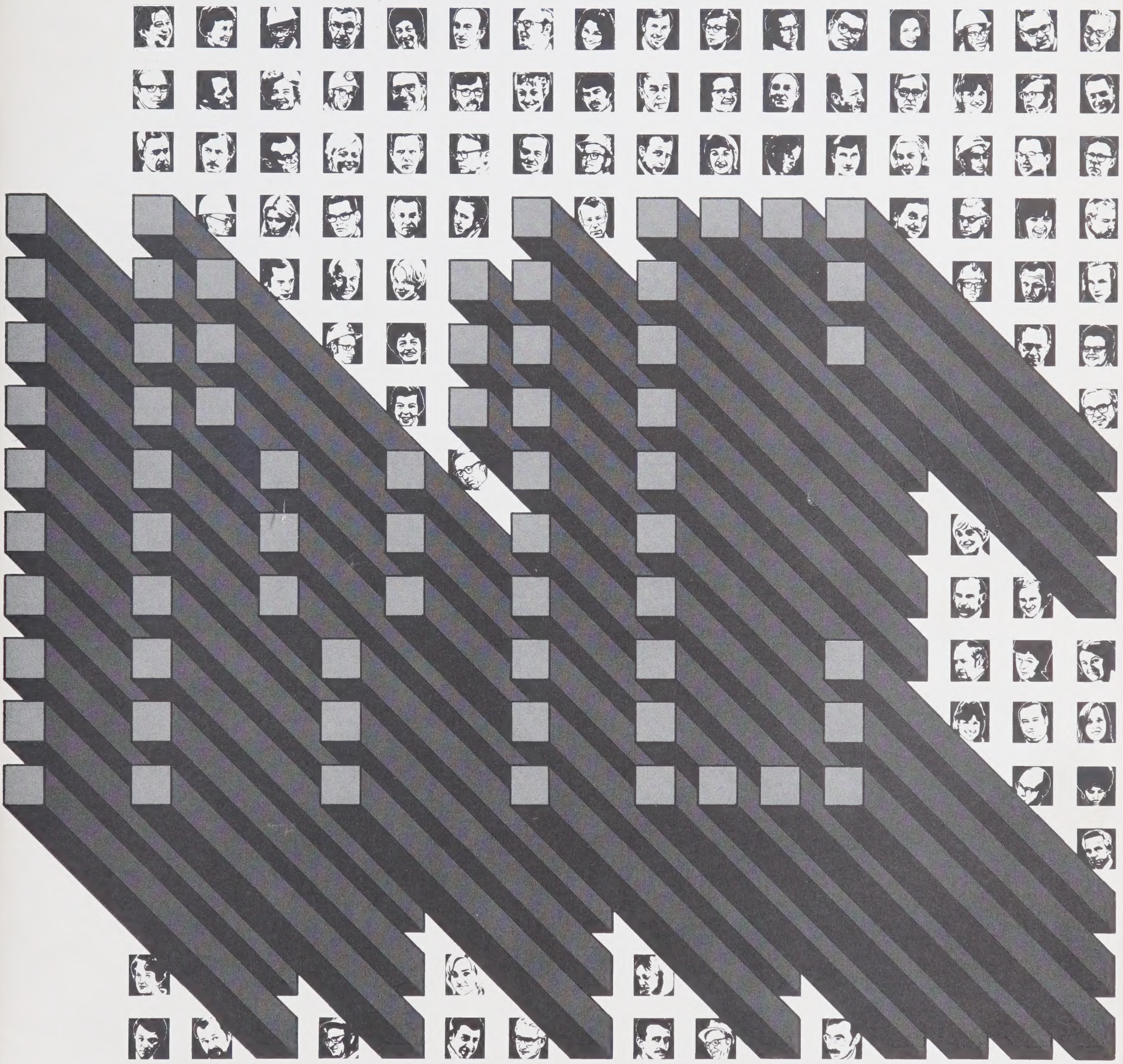
International Minerals & Chemical Corporation
Annual Report on the businesses of IMC; 1972 and the prospects beyond



International Minerals & Chemical Corporation
Annual Report 1972

Index

1972 Highlights

(amounts in millions, except per share data)

	1972	1971
Net sales	$491.2	$517.6
Earnings before extraordinary items	20.3	12.9
Net earnings	20.3	14.5
Long-term debt	151.9	197.5
Shareholders' equity	229.7	214.0
Return on invested capital	5.3%	3.1%
Return on shareholders' equity	8.8%	6.0%
Common shares outstanding	11.1	11.1
Per share:		
Earnings before extraordinary items	$1.64	$ .98
Net earnings	1.64	1.12
Common dividends paid	.23	-0-
Book value	15.31	13.97
Quarterly earnings per share:		
1st	$ (.08)*	$ (.25)*
2nd	.32	.15
3rd	.56	.39
4th	.84	.69**
	$1.64	$ .98**

*Parentheses denote loss.
**Before extraordinary net credit of 14 cents per share.

Annual Shareholders' Meeting

Shareholders are cordially invited to attend the Annual Meeting at the Prudential Building Assembly Hall in Chicago, Illinois, at 10 a.m., Chicago time, October 4, 1972. The Prudential Building is in Prudential Plaza at 130 East Randolph Street, just east of Michigan Avenue.

A formal notice of the Annual Meeting, together with a proxy statement and proxy form, accompany this Annual Report.

To the Shareholders:

Richard A. Lenon, President and Chief Executive Officer, left, heads the company's Executive Office. Other members are A. E. Cascino, Executive Vice President—Agriculture, center; and George D. Kennedy, Executive Vice President—Industry and Business Development.

IMC earned $1.64 per common share for the year ended June 30, 1972. Earnings in dollars totalled $20,325,000, up nearly 7½ million dollars over 1971 earnings (before extraordinary credit) of $12,915,000.

This Annual Report is full of figures on 1972 and prospects for 1973. This is not unusual . . . but one major feature of the report should be noted.

We are pioneering this year by detailing, operation by operation, net profit on an after-tax basis. See page 4.

This disclosure is consistent with our ultimate objective, which is to operate four to six separate businesses, each totally visible and open for judgment by all who have an interest in this Corporation.

In Wall Street language, we expect to build from current businesses and new enterprises an aggregation of "pure plays," that is, a group of businesses in which each operates in a clearly identifiable field of endeavor. There could be, for example, one in agricultural products, one in energy, one in minerals and metals, one in trading, and one in a group of ventures.

Supplementing income from "make, buy, and sell" operations, we expect to further develop new sources of income which are relatively free from the vagaries of the market place.

Such sources for 1972 included interest income on trade receivables from buyers who pay for the use of our money beyond certain minimum periods, income as interest derived from notes held on sales of excess and/or marginal plant and businesses, and long-term contracts, e.g., supplying phosphate rock "over the fence."

With this lineup of reasonably assured income, continued into 1973 and beyond, we have developed a good base-earnings position, relatively free of variances over uncontrollably wide ranges.

Even more important, we seem to be witnessing in our fertilizer activities definite signs of the confidence, drive, and sense of purpose that should be inherent characteristics of the business.

The demand for phosphate rock is close to capacity and prices are improving. Potash, influenced by Canadian restraints on production, is selling at good prices and the demand is growing at a nice rate. However, the short-range potash picture is somewhat clouded by a producer's challenge in Canada to the method of allocating production rights. If the challenge is turned aside, as seems likely, or if the issue is resolved by revisions in regulations rather than complete elimination of restraints, this single negative prospect in the total fertilizer situation will have been eliminated.

In a larger context, the task of feeding the world is still there and the hope of succeeding is brighter today. Developing countries that five years ago were only learning the food-producing wonders of scientific farming today have become significant consumers of the materials required. The "green revolution" sparked by miracle seeds and modern practices has spurred rising expectations, new incentives, new determination to achieve something more than mere subsistence. Fertilizer is not the sole solution to the world's ills. It is, however, a key, irreplaceable requisite to solution of the hunger problem, a major factor in an attack steadily gaining in effectiveness.

This Corporation is proud of its part in that effort. It is particularly proud of the people throughout the company's range of businesses who keep in IMC the will necessary to retain an active leadership role in this and other profit areas.

The at-random representatives shown on the cover symbolize the people of IMC as the base upon which the company's future is built; we say thanks to all of them for helping to make 1972 a better year.

President

August 11, 1972

Analysis of Improvement 1972 vs. 1971

Increases in 1972 results	Earnings (in millions)	Per Share
• Exports of fertilizer materials (phosphate and potash)	$ 4.0	$ .36
• Lower production costs in phosphate and potash operations	2.5	.22
• Animal feed ingredients business	1.0	.09
• Real estate operations	.8	.07
• Interest earned and other income	4.5	.40
• Lower corporate expense including savings from headquarters move to Libertyville	2.8	.25
• Interest savings—lower debt	1.3	.12
• Elimination of losses at operating level from divestment of Ac´cent International	2.4	.22
Total increases	19.3	1.73
Decreases in 1972 results		
• Trading income	7.0	.63
• Domestic sales of fertilizer materials	4.5	.40
• All others, net	.4	.04
Total decreases	11.9	1.07
Net improvement	7.4	.66
1971 results (before extraordinary items)	12.9	.98
1972 results	$20.3	$1.64

Sales and Earnings
Major Business Areas

(amounts in millions)

Agriculture	1972	1971
Sales	$210.9	$202.4
Operating Income	31.6	25.8
Earnings	21.3	13.5
Product Tonnage		
Phosphate Rock	8.4	8.2
Potash	2.6	2.6
Mixed Goods	.9	.8
All Other	1.5	1.5

Industry	1972	1971
Sales	$ 65.5	$ 68.1
Operating Income	.2	.1
Loss	(1.5)	(1.2)

Continental Ore Corporation	1972	1971
Sales	$210.1	$223.8
Operating Income	-0-	7.0
Earnings	1.1	3.2

Food Products	1972	1971
Sales	$ 4.7	$ 23.3
Operating Loss	(.5)	(2.9)
Loss	(.6)	(2.6)

Earnings or losses are after allocation of all expenses including income taxes. Corporate income and expense and interest charges have been allocated principally based on sales dollars and net invested capital. Figures for 1971 exclude extraordinary items.

In previous years, results for major operations were reported at the operating income level only. The figures excluded interest charges, interest earned and other income, and income taxes. Operating income for 1972 is shown for comparison with the amounts reported in the 1971 Annual Report.

Significant 1972 Events

• **Major corporate efforts** expended as a result of Phase I and Phase II wage and price regulations led to relief on profit margin restrictions. At this time and as far into the future as we can see now, IMC's profit opportunities are not going to be seriously limited by price controls.

• **Corporate debt** was reduced by approximately $34 million ($12 million IMC-Canada, $20 million revolving credit/short-term, $2.5 million by debentures purchased).

• **IMC cancelled** its revolving credit agreement in May, 1972; current financing is now handled through short-term bank lines.

• **Our lease and the land** we owned at the headquarters complex in Skokie were transferred to the Brunswick Corporation. IMC's offices were relocated at IMC Plaza, remodeled five-year-old research and development center in Libertyville; the move started late in 1971 and was completed in June of 1972. Annual savings as result of move are approximately $1.7 million.

• **Ac'cent International** was sold to Wm. Underwood Co. on October 1, 1971, for book value (approximately $12 million, cash and notes divided equally, plus royalties).

• **The Phosphate Rock Export Association** (PHOSROCK), made up of most U.S. phosphate rock producers, was formed to handle export sales of that product.

• **The Canadian Potash Export Association** (CANPOTEX), an organization of Saskatchewan potash producers, late in the year was made responsible for the handling of export sales (excluding the United States) of potash produced in Saskatchewan.

W. J. Huston
Esterhazy

R. A. Sauerberg
Florida

R. W. Hougland
Carlsbad

Lower costs in phosphate and potash operations (general managers above) contributed to the year's gains.

R. B. Hunt

D. J. Lyons

Named field sales heads for animal feed business.

• **A Department of Environmental Quality Control** was established within the Technological Development Division to direct and monitor the company's ongoing programs for compliance with air and water pollution regulations.

• **IMC,** working with the Southwest Florida Water Management District, developed a method for returning to the Central Florida aquifer surface water previously lost to evapo-transpiration and run-off. Now being pilot-tested, the system will be made available for general application. Potential savings to Florida's water supplies are estimated at 100 billion gallons annually.

• **The Industrial Products Division** was reorganized into four individual business units. They are:
Containers—(Great Lakes Container, Sims Barrel, Northwestern Cooperage)
Ceramics—(feldspar, aplite, nepheline syenite)
Foundry—(Aristo core oils and resins, bentonite, olivine, Customix operations)
Stresen-Reuter—(inks and varnish ingredients)

• **We invested** approximately $2 million in OK Syndicate, a small copper mining venture in British Columbia, for a 25 percent equity interest.

• **IMC acquired** the assets of Arizona Cattle Supply and integrated the business into the western operation of the Animal Health and Nutrition Division.

• **IMC's** 50 percent equity interest in IMC Drilling Mud, Inc., was sold to the Halliburton Company for the original investment at cost plus equity in earnings since January 1, 1969 (approximately $4.1 million), and royalties.

• **Lavino** closed two major facilities: Newark, California, refractories plant (excess capacity) and Freeport, Texas, periclase plant (high costs, pollution problems).

• **Two major acquisition** negotiations were terminated: UMC Industries (did not fit corporate objectives); Southwestern Illinois Coal Corporation (went to higher bidder).

G. T. Baebler
Foundry

A. P. Stresen-Reuter
Paints & Inks

L. A. Holmes
Ceramics

I. A. Rubin
Containers

Reorganization of Industrial Products into four separate business entities (headed by these men) strengthens each unit to better serve major markets.

Operations in 1973

In fiscal 1971, IMC announced financial goals of $1.00 per share for that year, $1.50 for 1972 and $2.00 for 1973. We earned 98 cents (before an extraordinary credit) in 1971, $1.64 in 1972.

For 1973 another good gain seems possible for the following reasons:

...There should be a recovery in IMC's trading business (COC) in the range of $1.5 to $2.5 million at the operating level, with expected world-wide economic improvement, particularly in steel, following the upturn already under way in the U.S.

...IMC's industrial businesses, primarily refractories and foundry products, should record gains in the $3 to $3.5 million range at the operating level. This segment of our business showed some improvement beginning in March which should continue with the industrial upswing indicated by all indexes.

...Increasing phosphate rock prices abroad should contribute an additional $1 to $1.5 million to operational level earnings on top of the 1972 gains.

...Prospects are that potash will be up moderately—with some volume increase and somewhat higher net realizations offsetting fractionally higher costs. (See President's Letter to Shareholders for comment on law suit related to Canadian regulations.)

...Interest costs are expected to continue to decline about another $1 million, mainly through the major reduction in long-term debt during 1972.

...These gains will be partly reduced by income taxes at an effective rate of about 30 percent.

The earnings gain, as now forecast, is expected to come primarily from U.S. operations, which will make necessary a provision for U.S. taxes. That provision against 1973 earnings will be balanced out, from IMC's tax-loss carry-forward total, by an extraordinary income item.

If circumstances change requiring significant revision of earnings estimates, upward or downward, any such revision will be made known promptly.

C. B. Seelig heads IMC's Lavino Division, expected to show significant gains from reorganization and expected industrial recovery.

New Developments

• **There appears to be** a real possibility for substantial savings to the Florida phosphate industry through unitized operations, i.e. mines and beneficiation plants of participating companies operating as a single unit. Studies are in progress.

• **Florida phosphate rock producers,** in cooperation with the U.S. Bureau of Mines, have joined in the development of a $1 million research program to find a means for trouble-free disposal of phosphatic clay wastes, the industry's most immediate environmental problem.

• **With a shortage** of concentrated phosphates existing world-wide, IMC is examining opportunities to participate in projects for making phosphoric acid, which is basic to producing phosphate concentrates. IMC is a large consumer of the product on its own for making animal feed ingredients and fertilizers. IMC-connected phosphoric acid plants would, of course, take huge quantities of IMC phosphate rock.

• **There is a move abroad** to form a world phosphate rock organization to encourage use of phosphate products and to facilitate the gathering and prompt dissemination of world-wide, up-to-date production and consumption statistics.

• **Gains in the consumption** of phosphate in developing countries have become significant. Percentage gains now are increases over substantial tonnages as against earlier little-over-nothing gains. Brazil, for example, increased consumption from 222,000 tons in calendar 1967 to 600,000 tons in 1971, with 1971 up 10 percent over the previous year. Mexico, in that time, has gone from 360,000 tons to 1,145,000 tons—and the 1971 gain alone almost equalled total consumption in 1967.

• **Recent initial sales** of Florida phosphate rock to Rumania and Hungary gave rise to speculation that normal Soviet supply sources are no longer adequate for satellite needs and that more Eastern European markets would be available to Florida producers.

• **A recent authoritative study** indicates that Russia's planned increases in potash production over the next three years will be used up in the Soviets' own agricultural five-year plan, with any excess for export going to satellites only; no increase in exports to Western markets.

H. C. Auman
Overseas Sales

E. C. Ekedahl
Asia

A. W. Aspen
Singapore

Ko Yoshida
Japan

J. L. Sauvage
Europe

L. J. Vergne
Latin America

M. F. Garcia
South America

Overseas Agricultural Sales were big factor in strong fourth quarter when bad weather curtailed domestic fertilizer sales.

• **Early estimates** indicate that the United States' contract, announced in July, to sell to Russia $750 million of grain over a three-year period, could cause the roughly estimated 4 percent annual increase in U.S. fertilizer consumption to go up to 6 percent for the three crop years beginning next spring.

• **IMC's Crop Aids activity** (insecticides and herbicides) has been transferred organizationally from research and development to our Animal Health and Nutrition Division. These products, all specific in their effects, environmentally clean, and biodegradable, show interesting promise.

• **Our container operations,** the first of our venture businesses, are developing sales in excess of $7 million annually, largely on the reconditioning of used barrels. The business will be greatly expanded within the next 12 to 18 months.

• **Most of IMC's feldspathic properties** are operating at capacity and expansion is planned for the nepheline syenite plant in Canada.

• **Several interesting possibilities** exist in our continuing minerals and metals exploration. They include fluorspar in Kenya, tungsten and vanadium in the United States, and copper in Southwest Africa.

• **IMC's trading subsidiary,** COC, announced a contract for sale of sulfur to China; the first shipment, 10,000 tons, shipped from Vancouver late this summer.

H. L. Carroll
National

F. J. Blesi
Southeast

C. C. Williams
Southwest

R. E Secrist
West

H. W. Hoffman
Northeast-Canada

B. B. Turner
Mixed Fertilizers

IMC's share of expected 1973 increase in U.S. fertilizer consumption will be objective of domestic sales team.

Corporate Matters

Labor Relations

The Corporation has 42 collective bargaining agreements with nine international unions or their affiliated locals. Twenty agreements covering 37 percent of the hourly work force were negotiated during the year, with resulting wage and benefit increases consistent with competitive industry patterns. There were no strikes or other production stoppages during the year. Nineteen agreements covering 44 percent of the hourly workers are to be negotiated in the 1973 fiscal year.

Board of Directors

Dr. Earl L. Butz, an IMC Director since 1961, resigned from the Board in November, 1971, upon his appointment by President Nixon to the post of U.S. Secretary of Agriculture. Subsequently, the Board, by action taken under the By-Laws, reduced the number of Directors from twelve to eleven.

The Search for New Businesses

IMC's present businesses have the potential to earn the 9 percent and the 12 percent we have set as objectives for return on invested capital and equity, respectively.

With a broader earnings base, however, these goals would be brought much closer to realization. That broadened base and the earliest possible attainment of the ultimate goals is the objective of a comprehensive search program launched full-strength in 1972.

With a strong financial position, accelerating cash flow, and experience and skills gained in world-wide activities, IMC is well-equipped to successfully operate new businesses in a fairly wide range of industries.

The search for qualified candidates is not an easy one. The requisites are demanding and the competition strong.

In the final analysis, the decision on any specific acquisition prospect is based on its potential to contribute to the corporate earnings objectives.

We look first at markets; resources of a business are useful to the degree that they pay off in the market place.

We are especially interested in those markets in which technological, social, economic, or environmental change has created a need for new products or a burgeoning increase in an existing need—e.g. energy.

We look then for companies whose products and business capabilities can put us strongly into those markets.

General market areas include specialty chemicals, specialty metals, non-metallic minerals, energy fuels, auto parts and equipment, environmental protection and pollution control services, industrial equipment and control systems, communications services, and specialty paper products.

Financial Review

Significant statistics	1972	1971
Percent of sales—		
Cost of goods sold	**83.2%**	83.0%
Selling, general and administrative	**10.5%**	11.2%
Earnings before extraordinary items	**4.1%**	2.5%
Net earnings	**4.1%**	2.8%
Percent of invested capital—		
Debt, long-term portion	**39.8%**	48.0%
Equity	**60.2%**	52.0%
Return on invested capital—		
Earnings before extraordinary items	**5.3%**	3.1%
Net earnings	**5.3%**	3.5%
Return on shareholders' equity—		
Earnings before extraordinary items	**8.8%**	6.0%
Net earnings	**8.8%**	6.8%
Earnings per share—		
Primary—		
Earnings before extraordinary items	**$1.64**	$ .98
Net earnings	**$1.64**	$1.12
Fully diluted—		
Earnings before extraordinary items	**$1.54**	$ .93
Net earnings	**$1.54**	$1.06

To assist readers of this review, accounting policies followed by IMC are printed in blue. These policies, in management's opinion, are in conformity with generally accepted accounting principles and realistically portray its financial position and results of operations.

Earnings per common and common equivalent share

Primary earnings per share are based on the weighted average number of common and common equivalent shares outstanding (11,143,961 in 1972 and 11,081,051 in 1971), adjusted for shares issued in a pooling of interests in 1971. Common equivalent shares include dilutive stock options granted after May 31, 1969 and shares which were contingently issuable in connection with an acquisition of a business up to date of issuance in 1972. Preferred dividends reflected in the per share computations include $1 per share for the Series C preferred stock. Fully diluted earnings per share have been determined as stated previously and assume the exercise of dilutive stock options granted prior to June 1, 1969, conversion of the Series C preferred stock at $24.74 per share in 1972 ($25.00 in 1971) and, in 1972, conversion of the 4% convertible subordinated debentures at $52.61 per share. Shares issuable on the exercise of other conversion, option and contract rights, including the 4% convertible debentures in 1971, have been excluded from the computations as they would either have no effect or would be anti-dilutive.

If an annual dividend rate of $5 per share is assumed on the Series C stock (rate to be in effect after June 30, 1973), primary earnings per share would be:

	1972	1971
Earnings before extraordinary items	**$1.57**	$ .91
Net earnings	**$1.57**	$1.05

Extraordinary items

In 1971, a Canadian subsidiary sold a small portion of its potash mineral reserves. From this sale, $3,000,000 was received in cash, with the balance due $1,000,000 annually over nine years, plus interest at 7% (Canadian dollars). The buyer has the option of terminating the contract any time after three years, upon six months' notice and payment of the proportional amount of the next installment due; plus reconveyance of the then remaining reserves to the Canadian subsidiary. That portion of the gain applicable to payments over the noncancelable period of the agreement has been reflected as an extraordinary credit in 1971. The remaining portion has been deferred until collection is assured. Extraordinary items also include the net gain arising from the sale of investments in subsidiaries engaged in fluorspar and gem mining operations and an affiliated company engaged in certain industrial chemicals operations.

During 1971, extraordinary charges were made for estimated losses and costs on: (1) closing and disposition of certain industrial products, agricultural and research facilities and equipment; (2) relocation of IMC's headquarters; (3) settlement of a long-term lease commitment related to a storage facility. Also, goodwill determined to be unrealizable, which arose on acquisition of a plastics operation, was written off during 1971.

Details of extraordinary items in 1971 are as follows (no tax effect, except as noted):

Gain on sale of mineral reserves	$ 5,850,000
Net gain on sale or disposition of investments in subsidiaries and an affiliated company	3,546,000
Gain on repurchase of 4% convertible debentures	1,316,000
	10,712,000
Less	
Provision for losses on discontinuance of operations, relocation of facilities and disposition of equipment, less deferred income tax of $650,000	8,523,000
Write-off of goodwill	575,000
	9,098,000
Net extraordinary credit	$ 1,614,000

Basis of consolidated statements

Accounts of all significant majority-owned subsidiaries are consolidated. Investments in unconsolidated subsidiaries and affiliated companies where ownership exceeds 20% are carried principally at amounts approximating equity in the companies' net assets. The accounts of a major subsidiary are included for its year ended March 31. Minor companies acquired in 1971 and 1972 by purchase have been included from dates of acquisition and a company acquired in a pooling of interests in 1971 has been included for both years.

IMC sold its food products business as of October 1, 1971 and its 50% interest in a drilling mud business as of January 1, 1972 for amounts approximating underlying book values. IMC also is entitled to receive royalty payments for specified years based on percentages of sales of the businesses sold. Sales of the food products business were $4,652,000 in 1972, to date of disposition, and $23,335,000 in 1971. The operating loss, before allocation of certain corporate expenses and income taxes, of the food products business, less IMC's equity in earnings of the drilling mud business, included in consolidated earnings, approximated $139,000 in 1972 and $2,563,000 in 1971.

During 1971, the carrying value of investments in minor unconsolidated subsidiaries and affiliated companies, where ownership exceeds 20%, was changed from cost to equity in net assets. This change did not have a material effect.

Prior years' adjustments of $452,000 in 1971 of consolidated retained earnings represent (1) retained earnings of $675,000 of a company pooled in 1971, (2) equity of $660,000 in prior years' undistributed earnings of affiliated companies, less (3) adjustment of $883,000 related to the allocation of purchase price of certain operations acquired in 1967. These amounts do not have a material effect on consolidated net earnings reported in prior years.

The accounts of foreign subsidiaries have been translated at (1) current rates for current assets and liabilities, (2) historical rates as of the dates of the transactions for long-term assets and liabilities and capital accounts and (3) average rates during the year for revenues and expenses except depreciation and depletion. Resultant gains and losses on translation together with realized gains and losses on foreign currency transactions generally have been credited or charged to income in the year incurred. Net gains are included in other income and amounted to $2,375,000 in 1972 and $593,000 in 1971.

Information on consolidated foreign subsidiaries, other than Canadian, before elimination of inter-company sales, follows:

	1972	1971
Net sales	**$100,116,000**	$107,016,000
Net earnings	**$ 1,465,000**	$ 2,249,000
Current assets	**$ 54,833,000**	$ 51,724,000
Investments and other assets	**5,019,000**	4,480,000
Net property, plant and equipment	**6,535,000**	5,935,000
Total assets	**66,387,000**	62,139,000
Liabilities	**38,409,000**	38,332,000
Net assets	**$ 27,978,000**	$ 23,807,000

Inventories

Inventories are stated at the lower of cost or market (replacement cost or net realizable value, as appropriate). Cost is determined principally on the basis of cumulative annual averages or specific items.

Investments and long-term receivables

In 1972, investments and long-term receivables net of allowances increased by $1,122,000. The receipt of long-term notes on sale of the food products business resulted in a $5,625,000 increase. Disposition of notes previously received from a Philippines fertilizer plant transaction decreased long-term receivables by $4,089,000. Investments and advances to non-consolidated subsidiaries and affiliates were increased by an investment in a copper mining venture of approximately $2,000,000 and additional advances, less allowances, to affiliates of approximately $2,100,000. Sale of a 50% interest in the drilling mud business decreased investments by $3,706,000.

Property, plant and equipment

Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for betterments and renewals are capitalized. Upon sale or other retirement of depreciable or depletable property, the cost and accumulated depreciation or depletion are removed from the accounts and any gain or loss is either included in income or charged to the allowance for plant closings, as appropriate. Depreciation has been provided over estimated useful lives principally on the straight-line and unit-of-production methods. Depletion of mineral deposits is based on amortizing costs in relation to estimated tonnage of recoverable products. Mineral properties include certain mineable phosphate rock properties which have not been operated since acquisition and for which no immediate future operations are intended.

In 1972, IMC changed its accounting for certain expenditures made in connection with its United States mining operations. Expenditures for certain equipment and settling dams were capitalized in 1972 and are being depreciated over estimated useful lives. In prior years, such expenditures were initially capitalized for new mines, up to commencement of operations, with all subsequent expenditures charged to expense as incurred. During 1971, the depreciation method for certain facilities and equipment related to the Florida phosphate operations was changed from straight-line to unit-of-production. These accounting changes did not have a material effect on earnings in the respective years.

Estimated losses on plant closings and investments

In 1972 and prior years provisions were made for estimated losses on plant closings and investments.

Provisions for losses on closing of facilities in 1972, which relate to closing a refractories plant earlier than originally contemplated and closing certain foreign offices, less gains on the sale of certain operating properties, in the aggregate were not material.

A summary of changes in the accumulated provisions follows:

	1972	1971
Balance at beginning of year	**$31,276,000**	$26,589,000
Additions, including provisions for extraordinary losses in 1971	**1,000,000**	10,820,000
	32,276,000	37,409,000
Less		
Losses, net of gains, on disposal of property, plant and equipment	**10,162,000**	3,478,000
Plant closing costs	**1,447,000**	1,320,000
Investments written-off	**1,064,000**	
Payments on guaranteed obligations	**814,000**	1,335,000
	13,487,000	6,133,000
Balance at end of year	**$18,789,000**	$31,276,000

The accumulated provisions at June 30, 1972 and 1971 are included in the consolidated balance sheet as follows:

	1972	1971
Allowance for losses on investments	**$ 7,855,000**	$ 9,007,000
Allowance for closing of facilities	**7,757,000**	16,834,000
Commitments and settlement costs	**1,094,000**	2,234,000
Current assets and liabilities	**2,083,000**	3,201,000
	$18,789,000	$31,276,000

Exploration and development costs

Mineral exploration costs and research and development expenditures, including process development costs, are charged to expense as incurred.

Income taxes

IMC files a consolidated federal income tax return with its domestic subsidiaries. IMC's federal income tax returns through 1970 have been examined. The Canadian subsidiary's tax returns have been examined by Canadian tax authorities through 1966 and returns filed for 1967 through 1969 are presently under examination. Major issues raised in these examinations relate to IMC's method of computing percentage depletion, deductions for losses on closed plants or investments, basis of certain assets acquired and, beginning with 1963, pricing of potash purchased from, or sold on behalf of, the Canadian subsidiary. During 1972, IMC reached agreement with the Justice Department and the Internal Revenue Service on a refund claim for 1959. It is believed that adequate provision has been made for income taxes and interest on all issues through 1972.

The effective tax rate was lower in 1972 than in 1971 due principally to a lower Canadian income tax rate, foreign currency gains not subject to tax and realization of federal tax benefits of percentage depletion not available in 1971 due to a net operating loss.

It is IMC's policy to provide for income taxes applicable to its equity in the earnings of affiliated companies, based on the assumed remittance of such earnings on a current basis. IMC intends to invest the earnings of foreign subsidiaries in the businesses and no provision has been made for taxes which would be payable if such earnings were paid to the parent corporations. At June 30, 1972, the undistributed earnings of foreign subsidiaries included in consolidated retained earnings approximated $129,000,000.

Consolidated net operating losses, capital losses and other deductions are available to reduce future years' federal taxable income. After consideration of the issues raised by the Internal Revenue Service examinations, it is estimated that such amounts aggregated approximately $49,000,000 at June 30, 1972 and will expire in 1974 and subsequent years. Unused investment tax credits at June 30, 1972, which approximated $6,500,000, expire in 1973 through 1979. Investment tax credits are accounted for on the flow-through method.

Deferred income taxes have been provided principally in recognition of the excess of depreciation and amortization for tax purposes over the related amounts for financial statement purposes.

Debt

Short-term notes payable, principally to banks, which include $29,437,000 related to trading operations at June 30, 1972 ($26,876,000 in 1971), increased $22,569,000 during the year. The principal increase was a series of unsecured demand notes totaling $20,000,000 at June 30, 1972, which bear interest at the prime rate. Total long-term debt including current maturities decreased $56,783,000 in 1972. During the year, IMC retired the revolving credit, which was due November 19, 1972, and could have been converted on or before that date into term loans. The balance of the 5.5% promissory note was also retired. Included in current liabilities at June 30, 1971 is $4,000,000 of the revolving credit balance representing the amount due within one year assuming conversion to term loans.

Certain debt agreements restrict the payment of dividends and the purchase, retirement or redemption of capital stock. Consolidated retained earnings not restricted under these provisions amounted to approximately $26,000,000 at June 30, 1972.

Long-term debt of $799,000, letters of credit of $1,000,000 and notes payable-trading operations of $9,000,000 are secured by current assets of $9,335,000, long-term receivables of $142,000 and land and buildings of $1,271,000 at June 30, 1972.

Details of long-term debt at June 30, 1972 and 1971 follow:

	1972	1971
Retired in 1972—		
5.5% promissory notes due in 1982		$ 12,000,000
Revolving credit, prime rate plus ¼% (5¾% at June 30, 1971)		40,000,000
		52,000,000
Continuing—		
6.65% promissory notes due 1992 in annual installments of $5,000,000 beginning December 1, 1975	**$100,000,000**	100,000,000
5.25% promissory notes due in semi-annual installments of $300,000 to 1980	**4,900,000**	5,500,000
4% convertible subordinated debentures due 1991 (a)	**44,396,000**	46,972,000
Other 4-9%, due 1971 to 1991	**4,561,000**	6,168,000
	153,857,000	210,640,000
Less current maturities	**1,975,000**	13,187,000
	$151,882,000	$197,453,000

(a) Annual sinking fund payments of one-fifteenth of the principal amount of the 4% convertible subordinated debentures outstanding on January 1, 1976 begin January 1, 1977. IMC has purchased a total of $5,843,000 principal amount of these debentures, including $2,542,000 in 1972 and $2,713,000 in 1971. These purchases may be applied toward any sinking fund payment. The debentures are currently convertible into common stock at $52.61 per share and are redeemable at prices ranging from 104.2% in 1972 to 100% in 1986 and thereafter.

Shareholders' equity

The Series preferred stock is presently convertible at $45.72 per share for Series A, $38.28 per share for Series B and $49.10 per share for Series C until June 30, 1973 (thereafter at the average closing price on the New York Stock Exchange during the three-month period ended June 30, 1973, but not more than $50 nor less than $24.74 per share).

Each Series preferred stock is redeemable initially at $105 per share, commencing in calendar year 1971 for Series A and 1973 for Series B and Series C, with the redemption price to be reduced annually by $.50 per share over a ten-year period. Under certain circumstances, Series C stock may not be redeemable until January 1, 1976.

Series preferred stock outstanding at June 30, 1972 and 1971 was:

Series A, 5%, convertible, cumulative, 259,243 shares authorized and outstanding	$25,924,000
Series B, 5%, convertible, cumulative, 40,000 shares authorized and outstanding	4,000,000
Series C, 1% to 1973 and 5% thereafter, convertible, cumulative, 199,583 shares authorized and 196,983 outstanding	19,698,000
	$49,622,000

Additional common shares, up to 108,604, may be issued in connection with a prior acquisition of a business depending upon future market prices of the stock and the achievement of prescribed future earnings of the acquired business.

At June 30, 1972 and 1971, common shares were reserved as follows:

	1972	1971
Conversion of debentures	**839,327**	887,645
Conversion of Series preferred stock	**1,467,729**	1,449,697
Issuance under stock option plans	**445,063**	452,238
Issuance to former shareholders of companies acquired	**108,604**	183,600
	2,860,723	2,973,180

A summary of changes in outstanding common stock and capital in excess of par value during 1972 and 1971 follows:

	Common stock Shares	Common stock Amount	Capital in excess of par value
Balance June 30, 1970	10,911,341	$54,557,000	$3,355,000
Acquisitions of businesses	150,493	752,000	243,000
Balance June 30, 1971	11,061,834	55,309,000	3,598,000
Exercise of stock options	500	3,000	4,000
Additional shares for prior year's business acquisition	57,606	288,000	(288,000)
Balance June 30, 1972	11,119,940	$55,600,000	$3,314,000

Dividends

In 1972, common stock dividends were resumed with $2,548,000 paid to common shareholders. Dividends of $2,087,000 were also paid to preferred shareholders.

Declaration date	Record date	Payment date	Dividend per share
Common dividends–			
Aug. 11, 1971	Sept. 15, 1971	Sept. 30, 1971	$.05
Dec. 1, 1971	Dec. 16, 1971	Jan. 3, 1972	.05
Feb. 17, 1972	Mar. 13, 1972	Mar. 30, 1972	.05
May 24, 1972	June 12, 1972	June 30, 1972	.08
Preferred dividends–			
Aug. 11, 1971	Sept. 15, 1971	Sept. 30, 1971	
Dec. 1, 1971	Dec. 16, 1971	Dec. 30, 1971	
Feb. 17, 1972	Mar. 13, 1972	Mar. 30, 1972	
May 24, 1972	June 12, 1972	June 30, 1972	

Stock options

Under a stock option plan adopted in 1964, options may be granted to officers and key employees at prices not less than 100% of the fair market value of the stock at date of grant. Options are exercisable not earlier than one nor later than five years from date of grant.

As options are exercised, the excess of proceeds over par value of the stock issued is credited to capital in excess of par value. No amounts are charged to income in accounting for the options.

Information on options for 1972 and 1971 is as follows:

	Number of shares 1972	1971
At June 30:		
Outstanding (at prices ranging from $13 to $32)	**348,050**	404,925
Exercisable	**88,321**	58,603
Reserved for future option grants	**97,013**	47,313
During the year:		
Granted	**19,000**	170,500
Cancelled	**75,375**	43,346
Exercised	**500**	

Pension plans

Pension plans cover substantially all employees. Pension expense for 1972 was $2,170,000 ($2,280,000 in 1971), including amortization of unfunded prior service costs. Unfunded prior service costs are amortized over various periods up to forty years. The unfunded portion of prior years' pension accruals of $1,702,000 at June 30, 1972 ($1,720,000 at June 30, 1971), which is included in other non-current liabilities, is being funded ratably over forty years.

Commitments and contingencies

Major lease commitments covering potash, phosphate and other mineral properties, which expire more than three years after June 30, 1972, provide for the greater of minimum royalties, rentals, or royalties based on production. The minimum average annual payments under these leases are approximately $610,000. Leases of other real property and mobile equipment, for terms expiring more than three years after June 30, 1972, require annual rentals of approximately $2,400,000 including $850,000 applicable to railroad cars after mileage credits. Certain of these leases require payment of taxes, repairs and maintenance. IMC has an option under a lease relating to land and improvements on which it has constructed certain facilities, to purchase such property on expiration of the lease in 1975 for $4,500,000.

In connection with the sale in 1971 of an investment in an affiliated company, the purchaser assumed IMC's long-term agreement (1) to purchase products from the affiliate at prices designed to assure the affiliate recovery of specified costs and (2) to advance additional funds, if required, to enable the affiliate to meet its obligations. IMC has agreed to guarantee specified annual earnings levels of the business of the former affiliate for the years through 1984. In lieu of making any payments under this guarantee, IMC has the option to reacquire the investment in the affiliate, together with the obligations under the long-term agreement, in exchange for a note receivable from the purchaser in the face amount of $1,891,000 at June 30, 1972.

The Canadian subsidiary is committed under a service agreement to produce specified quantities of potash annually from mineral reserves sold in 1971. The initial term of the agreement expires in 1981 and, at the option of the buyer, is renewable for six additional five-year periods. The agreement may be cancelled on re-transfer of ownership of the reserves.

At June 30, 1972, IMC and certain consolidated subsidiaries have guaranteed indebtedness of others approximating $4,000,000, and are contingently liable in connection with approximately $738,000 of notes receivable discounted. IMC has commitments to advance up to $500,000 to an affiliate and to purchase certain phosphate ore reserves for $2,600,000, sometime between 1972 and 1974, subject to the seller meeting specified conditions.

A subsidiary is committed to pay minimum annual charter fees of $1,800,000 for a vessel over a ten-year period. A portion of these payments may be applied, at the subsidiary's option, to the purchase of a vessel for approximately $8,000,000.

In connection with the sale in 1969 of the Bonnie, Florida, phosphate chemicals facilities, IMC is committed to purchase, in the event of default by the buyer or on certain other conditions stipulated in the commitment agreement, first mortgage notes issued by the buyer to a lender in the aggregate principal amount of $25,622,000 at June 30, 1972, payable by January 1, 1984.

IMC has reached agreement in principle, subject to resolution of certain contingencies, to acquire equity interests in two companies for approximately $7,000,000.

Consolidated statement of earnings

Years ended June 30

	1972	1971
Revenues:		
Net sales	**$491,169,000**	$517,556,000
Interest earned	**5,395,000**	3,810,000
Other income, net	**4,827,000**	1,933,000
	501,391,000	523,299,000
Costs and expenses:		
Cost of goods sold	**408,518,000**	429,438,000
Selling, administrative and general expenses	**51,350,000**	58,164,000
Interest charges	**14,298,000**	15,648,000
	474,166,000	503,250,000
Earnings before income taxes and extraordinary items	**27,225,000**	20,049,000
Provision for income taxes:		
Current	**1,419,000**	1,200,000
Deferred	**5,481,000**	5,934,000
	6,900,000	7,134,000
Earnings before extraordinary items	**20,325,000**	12,915,000
Extraordinary credit, net		1,614,000
Net earnings	**$ 20,325,000**	$ 14,529,000
Earnings per common and common equivalent share:		
Primary—		
Earnings before extraordinary items	**$1.64**	$ .98
Net earnings	**1.64**	1.12
Fully diluted—		
Earnings before extraordinary items	**1.54**	.93
Net earnings	**1.54**	1.06

See Financial Review on pages 11 to 20.

Consolidated balance sheet

June 30

Assets		1972	1971
Current assets:			
	Cash and marketable securities at cost, approximating market	**$ 31,273,000**	$ 27,644,000
	Receivables, less allowances of $3,932,000 in 1972 and $3,554,000 in 1971	**135,518,000**	142,292,000
	Inventories—		
	Products (principally finished)	**69,210,000**	76,460,000
	Operating materials and supplies	**9,183,000**	9,521,000
		78,393,000	85,981,000
	Prepaid expenses	**2,326,000**	2,660,000
	Total current assets	**247,510,000**	258,577,000
Investments and long-term receivables:			
	Investments in and advances to nonconsolidated subsidiaries and affiliates, less allowances of $3,370,000 in 1972 and $2,332,000 in 1971	**23,733,000**	23,506,000
	Other investments and advances, at cost less allowances of $7,855,000 in 1972 and $9,007,000 in 1971	**4,236,000**	4,622,000
	Long-term receivables, less allowances of $822,000 in 1972 and $525,000 in 1971	**17,057,000**	15,776,000
		45,026,000	43,904,000
Property, plant and equipment, at cost:			
	Land	**4,853,000**	8,209,000
	Mineral properties, including leases, permits and development costs	**58,427,000**	58,185,000
	Buildings and leasehold improvements	**92,454,000**	93,630,000
	Machinery and equipment	**215,746,000**	235,394,000
		371,480,000	395,418,000
	Accumulated depletion	**(11,102,000)**	(10,469,000)
	Accumulated depreciation	**(127,083,000)**	(129,707,000)
	Allowance for closing of facilities	**(7,757,000)**	(16,834,000)
		(145,942,000)	(157,010,000)
	Net property, plant and equipment	**225,538,000**	238,408,000
Deferred royalties and other assets		**16,416,000**	15,658,000
		$534,490,000	$556,547,000

See Financial Review on pages 11 to 20.

Liabilities and shareholders' equity	1972	1971
Current liabilities:		
Notes payable	**$ 49,445,000**	$ 26,876,000
Accounts payable and accrued liabilities	**66,137,000**	75,648,000
Income taxes	**5,137,000**	4,646,000
Current maturities of long-term debt	**1,975,000**	13,187,000
Total current liabilities	**122,694,000**	120,357,000
Long-term debt, less current maturities	**151,882,000**	197,453,000
Other noncurrent liabilities and deferred credits:		
Deferred income taxes	**17,408,000**	11,927,000
Commitments and settlement costs	**1,094,000**	2,234,000
Deferred income on sale of mineral reserves	**5,843,000**	5,843,000
Miscellaneous	**5,893,000**	4,754,000
	30,238,000	24,758,000
Shareholders' equity:		
Preferred stock—		
4% cumulative, $100 par value, redeemable at $110 per share, 100,000 shares authorized, 98,330 shares outstanding, excluding 1,670 shares in treasury	**9,833,000**	9,833,000
Series preferred, $100 par value, 1,000,000 shares authorized, 496,226 shares outstanding	**49,622,000**	49,622,000
Common stock, $5 par value, 20,000,000 shares authorized, 11,119,940 shares outstanding in 1972, 11,061,834 in 1971, excluding 40,123 shares in treasury	**55,600,000**	55,309,000
Capital in excess of par value	**3,314,000**	3,598,000
Retained earnings	**111,307,000**	95,617,000
Total shareholders' equity	**229,676,000**	213,979,000
	$534,490,000	$556,547,000

See Financial Review on pages 11 to 20.

Consolidated statement of changes in financial position

Years ended June 30

	1972	1971
Source of working capital:		
Operations—		
Earnings before extraordinary items	**$20,325,000**	$12,915,000
Charges (credits) to income not affecting working capital:		
Depletion	**1,373,000**	1,424,000
Depreciation	**14,548,000**	13,982,000
Deferred income taxes	**5,481,000**	5,934,000
Equity in earnings of nonconsolidated subsidiaries and affiliates	**(3,000)**	(403,000)
Undepreciated cost of property disposals, less $5,625,000 in 1972 not affecting working capital	**6,770,000**	2,125,000
	48,494,000	35,977,000
Extraordinary credit, net, affecting working capital		3,812,000
	48,494,000	39,789,000
Proceeds from sale of investment in IMC Drilling Mud, Inc.	**4,076,000**	
Common stock issued for acquisitions in 1971 and on exercise of a stock option in 1972	**7,000**	995,000
Increase in long-term debt, net of refinancing in 1971	**122,000**	20,973,000
Deferred income on sale of mineral reserves		5,843,000
Other net changes in financial position	**(759,000)**	4,468,000
	51,940,000	72,068,000
Use of working capital:		
Additions to property, plant and equipment	**15,446,000**	17,949,000
Dividends	**4,635,000**	2,087,000
Reduction in long-term debt	**45,693,000**	32,042,000
Increase (decrease) in investments and long-term receivables	**(430,000)**	20,692,000
	65,344,000	72,770,000
Decrease in working capital	**$13,404,000**	$ 702,000
Changes in elements of working capital:		
Increase (decrease) in current assets—		
Cash and marketable securities	**$ 3,629,000**	$ (3,829,000)
Receivables	**(6,774,000)**	10,365,000
Inventories	**(7,588,000)**	3,738,000
Prepaid expenses	**(334,000)**	1,063,000
	(11,067,000)	11,337,000
Increase (decrease) in current liabilities—		
Notes payable	**22,569,000**	2,105,000
Accounts payable and accrued liabilities	**(9,511,000)**	9,332,000
Income taxes	**491,000**	(331,000)
Current maturities of long-term debt	**(11,212,000)**	933,000
	2,337,000	12,039,000
Decrease in working capital	**$13,404,000**	$ 702,000

See Financial Review on pages 11 to 20.

Consolidated statement of retained earnings

Years ended June 30

	1972	1971
Balance at beginning of year	$ 95,617,000	$ 82,723,000
Prior years' adjustments		452,000
Net earnings	20,325,000	14,529,000
	115,942,000	97,704,000
Deduct dividends paid:		
Preferred stock—		
4%—$4 per share	393,000	393,000
Series A, 5%—$5 per share	1,296,000	1,296,000
Series B, 5%—$5 per share	200,000	200,000
Series C, 1%—$1 per share	198,000	198,000
Common stock	2,548,000	
	4,635,000	2,087,000
Balance at end of year	$111,307,000	$ 95,617,000

See Financial Review on pages 11 to 20.

ARTHUR YOUNG & COMPANY

ONE IBM PLAZA
CHICAGO, ILLINOIS 60611

To the Shareholders and Board of Directors of
International Minerals & Chemical Corporation

We have examined the accompanying consolidated balance sheet of International Minerals & Chemical Corporation at June 30, 1972 and June 30, 1971, and the related consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have received the reports of other independent auditors with respect to their examinations of the 1971 financial statements of certain foreign subsidiaries whose assets and sales represented 5% and 9% in 1971 of the respective consolidated totals.

In our opinion, based upon our examination and the reports of other independent auditors referred to above, the statements mentioned above present fairly the consolidated financial position of International Minerals & Chemical Corporation at June 30, 1972 and June 30, 1971, and the consolidated results of operations and changes in consolidated financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

Arthur Young & Company

August 3, 1972

5-Year Comparison

($ in millions except per share amounts)

	1972	1971	1970	1969	1968
Net sales	**$491.2**	$517.6	$505.9	$504.6	$501.8
Earnings before extraordinary items	**20.3**	12.9	4.5	3.1	13.1
Extraordinary credits (charges), net		1.6		(23.7)	(3.7)
Net earnings (loss)	**20.3**	14.5	4.5	(20.6)	9.4
Per share:					
Earnings before extraordinary items	**1.64**	.98	.22	.09	1.01
Net earnings (loss)	**1.64**	1.12	.22	(2.09)	.67
Capital expenditures	**15.4**	17.9	13.8	19.2	23.3
Depreciation and depletion	**15.9**	15.4	17.5	23.3	25.7
Property, plant and equipment	**225.5**	238.4	244.3	249.0	296.1
Long-term debt, less current maturities	**151.9**	197.5	208.5	210.5	260.2
Shareholders' equity	**229.7**	214.0	200.1	197.7	224.0
Invested capital	**381.6**	411.5	408.6	408.2	484.2
Book value per common share	**15.31**	13.97	12.89	12.73	15.17
Earnings before extraordinary items as a % of—					
Net sales	**4.1%**	2.5%	.9%	.6%	2.6%
Shareholders' equity	**8.8**	6.0	2.3	1.6	5.8
Invested capital	**5.3**	3.1	1.1	.8	2.7
Number of shareholders*	**36,305**	37,054	39,896	38,534	36,736
Number of employees	**6,222**	7,010	7,750	8,188	9,254

*Includes estimated number of beneficial owners.

Directors

Nelson C. White
Chairman of the Board, IMC

Glover Johnson
Vice Chairman of the Board, IMC; a Senior Partner in the law firm of White & Case, New York; Chairman of the Executive Committee of The F. & M. Schaefer Corporation

Chester Baylis, Jr.
Chairman of the Executive Committee and a Director of Bankers Trust New York Corporation, and a Director of Bankers Trust Company, New York

Edward F. Blettner
Vice Chairman of the Board and Director, First Chicago Corporation and of its subsidiary, The First National Bank of Chicago

James W. Glanville
Managing Director, Lehman Brothers Incorporated, New York

Richard A. Lenon
President and Chief Executive Officer, IMC

Henry W. Meers
Vice Chairman, White, Weld & Co. Incorporated

Robert W. Purcell
Chairman of the Finance Committee and a Director, International Basic Economy Corporation, New York; Consultant to Rockefeller Family & Associates

Thomas H. Roberts, Jr.
President and Chairman of the Board, DeKalb AgResearch, Inc., DeKalb, Illinois

John T. Ryan, Jr.
Chairman of the Board, Mine Safety Appliances Company, Pittsburgh, Pennsylvania

Vernon F. Taylor, Jr.
President and Director of Westhoma Oil Company and Peerless Incorporated, Denver, Colorado

Corporate Officers

Richard A. Lenon, *President and Chief Executive Officer*

Anthony E. Cascino, *Executive Vice President-Agriculture*

George D. Kennedy, *Executive Vice President-
Industry and Business Development*

Marvin B. Gillis, *Senior Vice President-Industrial Products*

Sidney T. Keel, *Senior Vice President-Agricultural Marketing*

Edward W. Claar, *Vice President-Governmental Activities*

James L. Cox, *Vice President-Agricultural Operations*

Edward C. Skinner, *Vice President-Mineral Development*

John R. Taylor, *Vice President, Secretary and General Counsel*

James T. Gibson, Jr., *Treasurer*

Anton F. Kuzdas, *Controller*

Harry H. Book, *Assistant Secretary*

Donald G. Brady, *Assistant Controller*

Nicolaus Bruns, Jr., *Assistant Secretary*

John F. Hollerbaugh, *Assistant Controller*

Donald I. Meikle, *Assistant Treasurer*

John F. Sonderegger, *Assistant Controller*

Continental Ore Corporation
Officer-Directors

Louis J. Lipton, *President*
Jacques E. Lennon, *Executive Vice President*
Eric Lomnitz, *Vice President*

S. T. Keel
Agricultural Marketing

M. B. Gillis
Industrial Products

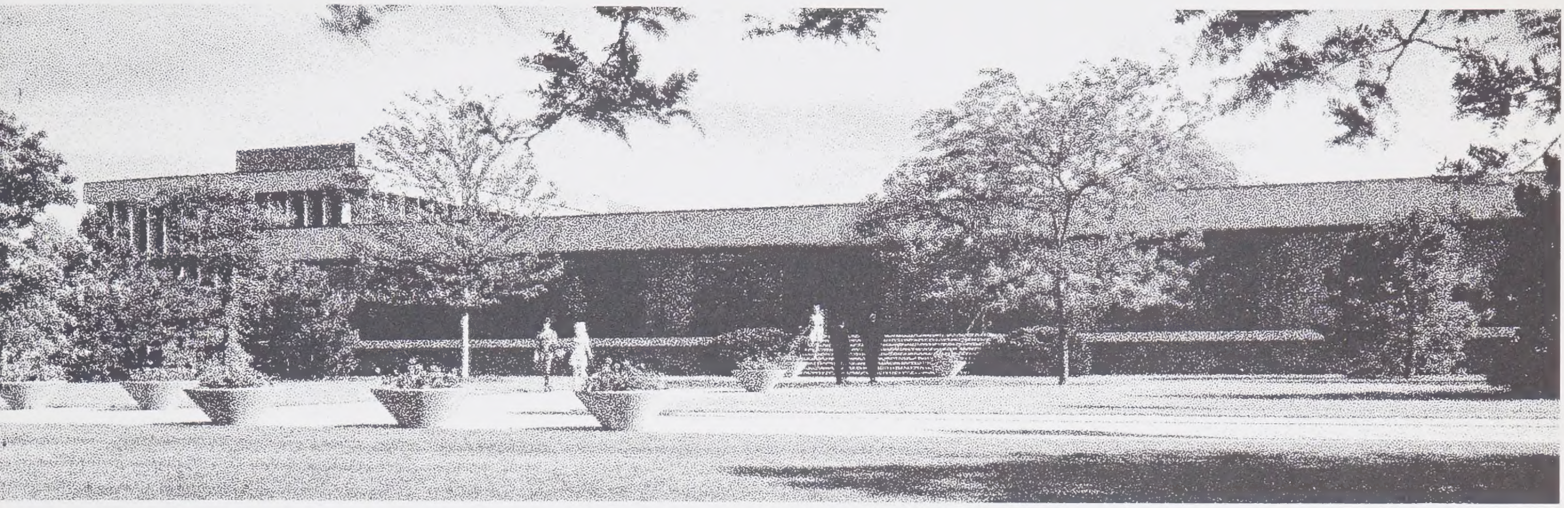
Two veteran IMC employees were made senior vice presidents in May. S. T. Keel, a 32-year IMC veteran, was named Senior Vice President—Agricultural Marketing, and M. B. Gillis, who joined the company in 1947, was named Senior Vice President—Industrial Products.

Division Vice Presidents

Ralph F. Anderson, *Technological Development*
***Harvey C. Auman,** *Agriculture-Far East Sales*
Ferd Browning, *Public Relations*
****William W. Chadwick,** *Agricultural Overseas Sales*
Judson H. Drewry, *Agricultural Domestic Sales*
Donald L. Everhart, *Exploration*
Lewis B. Landreth, *Planning and Acquisitions*
H. Turner Loehr, *Materials Management*
Herbert T. Peeler, *Animal Health and Nutrition*
Neal G. Schenet, *Rainbow and Marketing Services*
Charles B. Seelig, *Lavino*
Oscar T. Stutsman, *Agricultural Finance Manager*
Alan B. Wagner, *Organization and Industrial Relations*

**Mr. Auman is currently directing Agricultural Overseas Sales.*
***Mr. Chadwick is on temporary leave of absence as President of the Phosphate Rock Export Association.*

Corporate Data



Transfer of the Corporation's offices to IMC Plaza in Libertyville, Illinois, was completed during the year.

Headquarters Office
IMC Plaza, Libertyville, Illinois 60048
(312) 362-8100

Auditors
Arthur Young & Company, Chicago, Illinois

Counsel
White & Case, New York, New York

Stock Exchanges
New York Stock Exchange
Midwest Stock Exchange
Toronto Stock Exchange

Transfer Agents
Bankers Trust Company, 280 Park Avenue, New York, New York 10017
The First National Bank of Chicago, One First National Plaza, Chicago, Illinois 60670
The Royal Trust Company, Royal Trust Tower, Toronto, Ontario

Registrars
Chemical Bank, 20 Pine Street, New York, New York 10005
Continental Illinois National Bank & Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois 60604
Canada Permanent Trust Co., 320 Bay Street, Toronto, Ontario

Trustee *(Subordinated Convertible Debentures)*
The First National Bank of Chicago, Chicago, Illinois

Paying Agent *(Subordinated Convertible Debentures)*
Bankers Trust Company, New York, New York

Principal Operational Offices

Administration

- International Minerals & Chemical Corporation, IMC Plaza, Libertyville, Illinois 60048
- Continental Ore Corporation, 245 Park Avenue, New York, New York 10017
- International Minerals & Chemical Corporation (Canada) Limited, 4 King Street West, Toronto, Ontario, Canada

Operations

- U.S. Phosphate Operations, Bartow, Florida 33830
- U.S. Potash Operations, Carlsbad, New Mexico 88220
- Canadian Potash Operations, Esterhazy, Saskatchewan
- Lavino Division, 3 Penn Center Plaza, Philadelphia, Pennsylvania 19102
- Foundry Products, 6000 East Davison Road, Detroit, Michigan 48212
- Stresen-Reuter International, 400 West Roosevelt Avenue, Bensenville, Illinois 60106
- IMC Development Corporation, 100 Lakeside Research Plaza, Lakeland, Florida 33802

Overseas Agricultural Sales

- IMC de France 42, avenue Montaigne 75 Paris 8, France
- IMC (Pacific) Ltd. 513 Naigai Building 2-2, Marunouchi 2-chome Chiyoda-ku, Tokyo, 100 Japan
- IMC (Pacific) Ltd. 550 Havelock Road Singapore-3

Distribution Terminals and Port Warehousing

- LONG BEACH, CALIFORNIA
- PORT SUTTON, FLORIDA
- RIVERDALE, ILLINOIS
- ROTTERDAM, THE NETHERLANDS
- SINGAPORE
- VANCOUVER, BRITISH COLUMBIA

Printed in U.S.A.

Principal IMC Operations

Agriculture

Phosphate rock BARTOW, FLORIDA *(3 mines and plants)*

Potash CARLSBAD, NEW MEXICO
• ESTERHAZY, SASKATCHEWAN *(2 mines and plants)*

Mixed fertilizers AMERICUS, GEORGIA • AUGUSTA, GEORGIA • FLORENCE, ALABAMA • FORT WORTH, TEXAS • HARTSVILLE, SOUTH CAROLINA • SPARTANBURG, SOUTH CAROLINA • WINSTON-SALEM, NORTH CAROLINA
(service units at 40 additional locations)

Animal feed ingredients BARTOW, FLORIDA • BELLFLOWER, CALIFORNIA • CASHION, ARIZONA • IMPERIAL, CALIFORNIA

Biological pesticides LIBERTYVILLE, ILLINOIS • WASCO, CALIFORNIA

Land development
Cattle ranching MYAKKA CITY, FLORIDA
Residential BARTOW, FLORIDA • BRANDON, FLORIDA • LAKELAND, FLORIDA
Commercial LAKELAND, FLORIDA
Citrus BARTOW, FLORIDA

Minerals, Metals and Industrial Equipment

Foundry-steel products
Bauxite EUFAULA, GEORGIA
Bentonite ABERDEEN, MISSISSIPPI • COLONY, WYOMING
Chrome STEELPOORT, SOUTH AFRICA
Core-binding machines SOUTHFIELD, MICHIGAN
Ferro alloys *DOMELDANGE, LUXEMBOURG • *GOMEZ PALACIO, DIEGO, MEXICO • OTTAWA, CANADA
Fluorspar *ELDORET, KENYA • *MUZQUIZ, MEXICO • *RIO VERDE, MEXICO
Insulation plates BASCHARARGE, LUXEMBOURG • MOGENDORF, WEST GERMANY
Olivines BURNSVILLE, NORTH CAROLINA • MT. BAKER, WASHINGTON • *ST. LORENZEN, AUSTRIA • *ST. STEPHAN, AUSTRIA
Ore grinding PORT RICHMOND, PENNSYLVANIA
Petroleum coke MANNHEIM, WEST GERMANY
Refractories GARY, INDIANA • JACKSON, OHIO • PLYMOUTH MEETING, PENNSYLVANIA
Resins and oils BENSENVILLE, ILLINOIS • DETROIT, MICHIGAN
Sand additives ARCHBOLD, OHIO • BELVIDERE, ILLINOIS • WADSWORTH, OHIO
Tungsten *GEREZ, PORTUGAL • *KAMPALA, UGANDA • *MAGDALENA, MEXICO

Ceramics-glass products
Aplite PINEY RIVER, VIRGINIA
Feldspar CUSTER, SOUTH DAKOTA • KONA, NORTH CAROLINA • SPRUCE PINE, NORTH CAROLINA
Nepheline syenite BLUE MOUNTAIN, ONTARIO

Industrial containers DETROIT, MICHIGAN • KANSAS CITY, KANSAS • PONTIAC, MICHIGAN • ST. LOUIS, MISSOURI

Paint-ink products Resins and dyes BENSENVILLE, ILLINOIS

Chemical products Sulfur grinding *SOUSAKI, GREECE

Rhenium/Molybdenum GOLDEN, COLORADO

Silver *ZUACALPAN, MEXICO

Tin CORNWALL, UNITED KINGDOM

Gem stones Lapidary BASCHARARGE, LUXEMBOURG

*Part ownership

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